

**BUDGET REPORT AND MEASURE SUMMARY**

**Joint Committee On Ways and Means**

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**Action:**

**Action Date:**

**Vote:**

**Prepared By:** Art Ayre, Department of Administrative Services

**Reviewed By:** Linda Gilbert, Legislative Fiscal Office

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Agency: Military Department

Biennium: 2015-17

## **Budget Summary\***

	2013-15 Legislatively Approved Budget <sup>(1)</sup>	2015-17 Current Service Level	2015-17 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 13,578,235	\$ 14,217,535	\$ 15,903,431	\$ 2,325,196	17.1%
General Fund Debt Service	\$ 8,285,758	\$ 9,414,488	\$ 9,414,488	\$ 1,128,730	13.6%
Other Funds Limited	\$ 105,526,562	\$ 97,566,965	\$ 98,052,072	\$ (7,474,490)	-7.1%
Other Funds Capital Improvements	\$ 385,000	\$ -	\$ 194,377	\$ (190,623)	-49.5%
Other Funds Debt Service	\$ 107,355	\$ 106,014	\$ 106,014	\$ (1,341)	-1.2%
Other Funds Debt Service Nonlimited	\$ 75,261	\$ -	\$ -	\$ (75,261)	-100.0%
Other Funds Nonlimited	\$ 694	\$ -	\$ -	\$ (694)	-100.0%
Federal Funds Limited	\$ 280,639,097	\$ 275,468,790	\$ 251,937,017	\$ (28,702,080)	-10.2%
Federal Funds Capital Improvements	\$ 4,631,304	\$ 4,770,599	\$ 4,770,599	\$ 139,295	3.0%
<b>Total</b>	<b>\$ 413,229,266</b>	<b>\$ 401,544,391</b>	<b>\$ 380,377,998</b>	<b>\$ (32,851,268)</b>	<b>-7.9%</b>

## **Position Summary**

Authorized Positions	522	488	446	-76
Full-time Equivalent (FTE) positions	477.51	445.01	403.01	-74.50

<sup>(1)</sup> Includes adjustments through December 2014

\* Excludes Capital Construction expenditures

## **Revenue Summary**

General Fund pays wages and salaries of state employees and provides matching funds for various facilities management activities, as well as matching funds for various Oregon National Guard activities.

Other Funds revenues include 9-1-1 tax (84.5%); proceeds from real property sales (6.4%); facility rental fees (3.9%); miscellaneous funds from vending machines, pay telephones, and other miscellaneous sources (2.3%); indirect cost transfers within the agency (2.2%); the Average Daily Membership revenue received from Bend-LaPine School District for the Youth Challenge Program (0.4%); donations (0.2%); and a transfer from the Department of Aviation (0.1%). Facility rental fees contribute to, but do not fully cover, armory maintenance and operations costs. If the Joint Ways and Means Capital Construction Subcommittee approves one or more of the agency's requested bond-funded capital construction projects, there will be additional Other Funds revenue from the sale of bonds.

Federal Funds come from a variety of federal-state cooperative agreements with the National Guard Bureau and grants from the Federal Emergency Management Agency (FEMA). They fund the majority of facilities' operating costs, pay wages and salaries of state employees

assigned to Oregon National Guard duties; provide construction funds for a variety of maintenance, armory, training, and reserve center facilities; fund several programs for at-risk youth; and contribute to central administrative costs through an interagency transfer. The Office of Emergency Management receives federal dollars from the Department of Homeland Security, Department of Defense, and FEMA.

The Department has a federal budget that is administered separately from its state budget and is not subject to State Federal Funds expenditure limitation.

### **Summary of Public Safety Subcommittee Action**

The Oregon Military Department provides combat-ready units and equipment to be deployed in support of national defense under the direction of the President, and trained personnel and equipment to protect life and property in Oregon during natural disasters or civil unrest under the direction of the Governor.

The Subcommittee approved a budget of \$380,377,998 total funds consisting of \$25,317,919 General Fund, \$98,352,463 Other Funds, and \$256,707,616 Federal Funds, including 446 positions (403.01 FTE). The total funds budget is a 5.3 percent decrease from the 2015-17 Current Service Level (CSL) and a 7.9 percent decrease from the 2013-15 Legislatively Approved Budget. The reduction from the 2015-17 CSL is due to a policy package that phases out \$30.9 million Federal Funds limitation for the Readiness Sustainment Maintenance Site that closed at Camp Withycombe in Clackamas. The additional reduction from the 2013-15 Legislatively Approved Budget is due to the phase-out of Services and Supplies expenditure limitation associated with limited duration positions funded by the Umatilla Caretaker Contract and to the phase-out of capital construction limitation.

The Subcommittee deferred a formal recommendation on expenditure limitation for Package 498: New Debt Service, and Package 499: Capital Construction to the Joint Ways and Means Capital Construction Subcommittee.

#### **Administration – SCR 001**

The Administration program consists of the Command Group, the Financial Administration Division, the State Personnel Office, Public Affairs, and the Reintegration/Emergency Financial Assistance Programs. The Subcommittee approved a budget of \$6,972,125 total funds consisting of \$4,877,671 General Fund and \$2,094,454 Other Funds, including 24 positions (22.88 FTE).

The Subcommittee recommended Package 801: LFO Analyst Adjustments. The package makes reductions to the budget due to scant available General Fund. It eliminates one position (1.00 FTE) from the Command Group and shifts funding to 100 percent Other Funds on a part-time position (0.50 FTE) from Public Affairs, for a total of -\$113,243 General Fund and -\$14,893 Other Funds. It reduces Services and Supplies expenditures by \$88,203 General Fund to switch from the state motor pool to federal General Services Administration vehicles.

## Operations – SCR 002

The Operations Program Unit includes operation and maintenance of Army National Guard facilities and operation of the Portland Air Base at the Portland International Airport, Kingsley Field in Klamath Falls, and the Camp Rilea Air Station in Warrenton. The Program also includes Capital Construction staff to oversee the Department's Capital Construction projects. Other federally funded programs include drug interdiction and education; repair of unserviceable U.S. Army equipment; installation of intrusion detection systems at armories and other facilities; and video teleconferencing, computer-based training, interactive audio and video services, e-mail, and electronic network systems provided to National Guard members and their communities. The Subcommittee approved a budget of \$95,382,254 total funds consisting of \$8,973,062 General Fund, \$4,751,092 Other Funds, and \$81,658,100 Federal Funds, including 334 positions (291.51 FTE).

The Subcommittee approved Package 201: Air National Guard Fire Protection State Funds. This package funds fire and emergency services support for the Air National Guard missions at the Portland Air National Guard Base and the Kingsley Field Air National Guard Base in Klamath Falls. Recent changes in federal requirements have capped the amount of federal payroll reimbursements at a level lower than the amount bargained by the state in 2013. The total approved is \$1,390,116 General Fund.

The Subcommittee approved Package 203: Umatilla Caretaker Agreement. This package continues 23 limited duration positions (23.00 FTE) to fulfill a caretaker agreement with the U.S. Army to support functional activities at the Umatilla Chemical Depot. The agreement is expected to last until 2018. \$6,500,000 is 100 percent federally funded.

The Subcommittee recommended Package 801: LFO Analyst Adjustments. This package was added to fund shift one position - a Principal Executive Manager E - from 75.0 percent Federal Funds and 25.0 percent General Fund to 100 percent Federal Funds for a General Fund reduction of \$48,482 and to reduce General Fund for Services and Supplies by \$18,558, affecting office supplies, recognition awards, and travel expenditures.

The Subcommittee recommended Package 802: Armory Lead Abatement. This package was added in light of new information about lead levels at armories with indoor shooting ranges. The Forest Grove Armory provides the agency its most severe challenge so far. The armory was closed in January 2015 after a National Guard Bureau survey revealed high lead levels on surfaces in the building from the indoor firing range. Also, the fire suppression pipes in this armory have failed. A total of \$1,881,600, of which half is Federal Funds and the other half General Fund match, is required to clean the firing range and convert it to storage, replace contaminated ventilation ductwork, and replace fire suppression pipes above the ceiling. Other armories' indoor firing ranges have also been closed and tested. To date, no other armory appears to require this level of abatement and cost.

The Subcommittee approved Package 803: Phase out Readiness Sustainment Maintenance. This package was added to recognize the federal phase-out of the Readiness Sustainment Maintenance Site effective November 30, 2014. The reduction is \$30,927,771 Federal Funds and 64 positions (64.00 FTE). The Site was responsible for equipment refurbishment. The drawdown of military troops in the Middle East reduced the amount of military equipment that needed refurbishment. This program may be started up again by the federal government, but it is not currently foreseen.

### Oregon Emergency Management – SCR 003

Oregon Emergency Management manages and maintains an emergency services system that coordinates local and state resources to prepare for, respond to, and recover from disaster conditions. It distributes 9-1-1 and FEMA revenues to local governments. The Subcommittee approved a budget of \$252,818,910 total funds consisting of \$1,855,317 General Fund, \$89,105,319 Other Funds, and \$161,858,274 Federal Funds, including 42 positions (42.62 FTE).

The Subcommittee approved Package 301: Statewide Next Gen 9-1-1 Implementation. This package provides \$500,000 Other Funds (9-1-1 Tax) expenditure limitation to enable Emergency Management to proceed with one portion of the Next Generation 9-1-1 conversion. This funding supports DAS Enterprise Technology Services to coordinate the conversion of the existing frame-relay system to an internet protocol broadband network at all 43 Public Safety Answering Points. This work is consistent with work in other states and will need to be accomplished regardless of Next Gen 9-1-1 migration.

During the 2013-15 biennium, OMD OEM and the Office of the State Chief Information Officer (OSCIO) jointly determined to focus first on the planning and implementation of the 9-1-1 network transition from frame relay to an internet protocol based network, which will set the stage for future, incremental planning and implementation of other project components.

The project's next critical component involves the identification, planning and coordination of the geographic data and geographic information systems (GIS) capabilities required to implement and operate Oregon's Next Generation 9-1-1 system into the future. With that in mind, the Legislature developed the following budget note.

#### **Budget Note:**

Oregon Emergency Management (OMD) is directed to work with the Oregon State Chief Information Officer (OSCIO) to produce a Next Generation 9-1-1 GIS Project Plan for the collection, management, and sharing of geographic data sets and geographic information systems capabilities required to effectively implement Next Generation 9-1-1 throughout the state of Oregon.

The Next Generation 9-1-1 GIS Project Plan is to be submitted to the Legislative Fiscal Office in December 2015, and jointly presented by OMD and the OSCIO to the Joint Legislative Committee on Information Management and Technology and to the Joint Committee on Ways and Means during the 2016 Annual Legislative Session.

The Subcommittee recommended Package 801: LFO Analyst Adjustments. This package was added to capture General Fund savings. Services and Supplies are reduced by \$93,284 for non-essential purchases in both General Fund and Federal Funds. In view of scarce General Fund resources, the balance of the Local Disaster Assistance Loan and Grant Account (\$283,250 General Fund) is eliminated.

### Community Support – SCR 004

The Community Support program unit includes the Youth Challenge Program that provides educational and other services to 16-18 year old youth who have dropped out of high school, the Science and Technology Academy Reinforcing Basic Aviation and Space Exploration (STARBASE) program that demonstrates real-world applications of math and science to students in third to eighth grades in Portland and Klamath Falls through tours of the Portland Air Base and Kingsley Field, and the Emergency Operations program that coordinates the use of National Guard resources in

response to state emergencies as directed by the Governor. The Subcommittee approved a budget of \$10,719,231 total funds consisting of \$197,381 General Fund, \$2,101,207 Other Funds, and \$8,420,643 Federal Funds, including 46 positions (46.00 FTE).

#### Capital Debt Service and Related Costs – SCR 087

Capital Debt Service and Related Costs provides the funding to make payments on the principal, interest, and financing costs associated with the issuance of Article XI-Q bonds and Certificates of Participation (COPs). COPs and XI-Q bonds are tax exempt government securities. The Subcommittee approved a budget of \$9,520,502 total funds, consisting of \$9,414,488 General Fund and \$106,014 Other Funds.

The Subcommittee reviewed and deferred a formal recommendation on expenditure limitation for Package 498: New Debt Service to the Joint Ways and Means Capital Construction Subcommittee. Package 498 provides General Fund appropriation to pay debt service on bonds issued for a new Joint Forces Headquarters building which was not approved in the Governor's budget due to siting concerns. Those concerns have been mitigated by means of a wetland and land condition study, which shows that the preferred construction location - near the Anderson Readiness Center in Salem - is stable. If bonds for the project were sold in 2016 and 2017, the 2015-17 biennium General Fund Debt Service would likely be \$434,833.

#### Capital Improvements – SCR 088

The program provides for capital projects less than \$1,000,000, which includes deferred maintenance. The Subcommittee approved a budget of \$4,964,976 total funds consisting of \$194,377 Other Funds and \$4,770,599 Federal Funds.

The Subcommittee approved Package 801: LFO Analyst Adjustments. This package provides limitation to use Heritage Outreach Foundation (HOF) funds to enhance a federally funded capital project to relocate and restore Building 6100 at Camp Withycombe to its historic structure as the Quarter Master Supply Building. The building, as restored, will be used as military museum display space. The HOF funds are to be used to update the building's restrooms.

#### Capital Construction – SCR 089

Expenditure limitation for Capital Construction projects will be included in House Bill 5005, the statewide bonding bill, and House Bill 5006, the statewide capital construction bill.

The Subcommittee recommended to the Joint Committee on Ways and Means – Capital Construction Subcommittee that the following capital construction expenditure limitation requests be considered for approval.

Package 499: Major Construction. Package 499 includes Other Funds capital construction expenditure limitation for:

- (1) A new Joint Forces Headquarters building - \$6,706,000 Other (Article XI-Q Bond) Funds, \$18,463,000 Federal Funds. This was not approved in the Governor's budget due to siting concerns. Those concerns have been mitigated by means of a wetland and land condition study, which shows that the preferred construction location - near the Anderson Readiness Center in Salem - is stable.
- (2) Expansion at the Oregon Youth Challenge Program (YCP) facility - \$4,977,000 Other (Article XI-Q Bond) Funds.
- (3) A Regional Training Institute (RTI) in Umatilla - \$6,500,000 Other (Article XI-Q Bond) Funds, \$5,000,000 cash from the sale of current RTI building at Western Oregon University campus.

If bonds for the Joint Forces Headquarters project were sold in 2016 and 2017, the 2015-17 biennium General Fund Debt Service would likely be \$434,833. Bonding for the Youth Challenge Program and Regional Training Institute projects could occur in the spring of 2017 without jeopardizing either construction schedule. Also, the National Guard Bureau would need to approve new operational funding for the Youth Challenge project to accommodate the additional students (60 males and 24 females).

In addition, the agency identified new federal fund match for projects already approved in Baker City, \$750,000, and in Medford, \$1,943,648.

A May 2015 request for the Military Museum seeks \$2,082,893 Federal Funds Capital Construction limitation for the 2013-15 biennium and \$613,163 Other Funds Capital Construction limitation for the 2015-17 biennium for refurbishment and rehabilitation of several museum areas. The Other Funds are a donation from the Heritage Outreach Foundation.

Finally, the Department is requesting capital construction limitation for planning/pre-design work on 2017-19 biennium projects in the following amounts: \$136,281 Other Funds and \$140,770 Federal Funds.

### **Summary of Performance Measure Action**

See attached Legislatively Adopted 2015-17 Key Performance Measures form.

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**HB 5032-A**

**Oregon Military Department  
Art Ayre -- 503-378-3108**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2013-15 Legislatively Approved Budget at Dec 2014 *	\$ 21,863,993	\$ -	\$ 106,018,917	\$ 75,955	\$ 285,270,401	\$ -	\$ 413,229,266	522	477.51
2015-17 Current Service Level (CSL)*	\$ 23,632,023	\$ -	\$ 97,672,979	\$ -	\$ 280,239,389	\$ -	\$ 401,544,391	488	445.01
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>SCR 001 - Administration</b>									
Package 801: LFO Analyst Adjustments									
Personal Services	\$ (113,243)	\$ -	\$ (14,893)	\$ -	\$ -	\$ -	\$ (128,136)	-1	-1.00
Services and Supplies	\$ (88,203)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (88,203)		
<b>SCR 002 - Operations</b>									
Package 201: Air National Guard Fire Protection State Funds									
Personal Services	\$ 1,390,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,390,116	0	0.00
Package 203: Umatilla Caretaker Agreement									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 3,145,776	\$ -	\$ 3,145,776	23	23.00
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 3,354,224	\$ -	\$ 3,354,224		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ (48,482)	\$ -	\$ -	\$ -	\$ 48,482	\$ -	\$ -	0	0.00
Services and Supplies	\$ (18,558)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (18,558)		
Package 802: Armory Lead Abatement									
Services and Supplies	\$ 940,800	\$ -	\$ -	\$ -	\$ 940,800	\$ -	\$ 1,881,600		
Package 803: Phase Out Readiness Sustainment Maintenance									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ (9,019,284)	\$ -	\$ (9,019,284)	-64	-64.00
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ (21,802,624)	\$ -	\$ (21,802,624)		
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ (105,863)	\$ -	\$ (105,863)		
<b>SCR 003 - Oregon Emergency Management</b>									
Package 301: Statewide Next Gen 9-1-1 Implementation									
Services and Supplies	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000		
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ (93,284)	\$ -	\$ -	\$ -	\$ (93,284)	\$ -	\$ (186,568)		
Special Payments	\$ (283,250)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (283,250)		
<b>SCR 088 - Capital Improvement</b>									
Package 801: LFO Analyst Adjustments									
Capital Outlay	\$ -	\$ -	\$ 194,377	\$ -	\$ -	\$ -	\$ 194,377		
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 1,685,896</b>	<b>\$ -</b>	<b>\$ 679,484</b>	<b>\$ -</b>	<b>\$ (23,531,773)</b>	<b>\$ -</b>	<b>\$ (21,166,393)</b>	<b>-42</b>	<b>-42.00</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 25,317,919</b>	<b>\$ -</b>	<b>\$ 98,352,463</b>	<b>\$ -</b>	<b>\$ 256,707,616</b>	<b>\$ -</b>	<b>\$ 380,377,998</b>	<b>446</b>	<b>403.01</b>
% Change from 2013-15 Leg Approved Budget	15.8%	0.0%	-7.2%	-100.0%	-10.0%	0.0%	-7.9%		
% Change from 2015-17 Current Service Level	7.1%	0.0%	0.7%	0.0%	-8.4%	0.0%	-5.3%		

\*Excludes Capital Construction Expenditures



## Legislatively Approved 2015-2017 Key Performance Measures

**Agency: MILITARY DEPARTMENT, STATE of OREGON**

Mission: The Oregon National Guard will provide the citizens of the State of Oregon and the United States with a ready force of citizens soldiers and airmen, equipped and trained to respond to any contingency, natural or manmade.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2016	Target 2017
1 - RECRUITING - Percent of soldiers and airmen recruited vs. recruiting goal.		Approved KPM	95.00	100.00	100.00
2 - ARMORY CONDITION - Percent of statewide armories in adequate or better condition.		Approved KPM	79.00	80.00	80.00
3 - REVENUE GENERATION - Percent of available armory time		Approved KPM	27.00	40.00	40.00
4 - EQUIPMENT AVAILABILITY - Percent of equipment on hand in Oregon vs. equipment authorized.		Approved KPM	129.00	95.00	95.00
6 - REINTEGRATION - Percent of members successfully referred for reintegration services.		Approved KPM	100.00	98.00	98.00
7 - DOMESTIC PREPAREDNESS PLANS - Percentage of counties with National Incident Management System (NIMS) compliant Emergency Operations Plans (EOPS).		Approved KPM	100.00	100.00	100.00
8 - HAZARD MITIGATION PLANS - Percentage of state population covered by a FEMA approved local hazard mitigation plan.		Approved KPM	81.00	90.00	90.00
9 - CUSTOMER SATISFACTION - Percent of customers rating their satisfaction with Military Department customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Accuracy	Approved KPM	75.00	75.00	75.00
9 - CUSTOMER SATISFACTION - Percent of customers rating their satisfaction with Military Department customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Availability of Information	Approved KPM	75.00	75.00	75.00
9 - CUSTOMER SATISFACTION - Percent of customers rating their satisfaction with Military Department customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Expertise	Approved KPM	75.00	75.00	75.00

**Agency: MILITARY DEPARTMENT, STATE of OREGON**

Mission: The Oregon National Guard will provide the citizens of the State of Oregon and the United States with a ready force of citizens soldiers and airmen, equipped and trained to respond to any contingency, natural or manmade.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2016	Target 2017
9 - CUSTOMER SATISFACTION - Percent of customers rating their satisfaction with Military Department customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved KPM	75.00	75.00	75.00
9 - CUSTOMER SATISFACTION - Percent of customers rating their satisfaction with Military Department customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Overall	Approved KPM	75.00	75.00	75.00
9 - CUSTOMER SATISFACTION - Percent of customers rating their satisfaction with Military Department customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Timeliness	Approved KPM	75.00	75.00	75.00

**LFO Recommendation**

KPM #2 - Percent of armories in adequate or better condition. Change target from 50% to 80% in view of recent assessments.

KPM #3 - Revenue generation from available armory time rented. Change target from 60% to 40% in view of recent experience, which is closer to 28%. Fewer organizations need to rent armories due to competition with other rural venues

KPM #5 - Percent of 17-18 year olds completing GED or HS diploma. Substitute new KPM to measure percent of accepted cadets of all ages who complete program and receive a GED, high school diploma, or earn 8 certified credits and return to their home high school. Target: 85%. The current KPM omits some of the students and the 8 credit criteria.

KPM #9 - Customer satisfaction. Change overall target to 75% from 55% in light of recent responses.

**Sub-Committee Action:**

The Public Safety Subcommittee approved the LFO recommendation.